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AFX News Limited

Warburg, CITIC Capital Markets each buy 22.5 stake in China's Harbin Pharma

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BEIJING (AFX) - Warburg Pincus and CITIC Capital Markets Holdings have each bought a 22.5 pct stake in Harbin Pharmaceutical Group Holding Co Ltd, the parent of Harbin Pharmaceutical Group Co Ltd (SHA 600664).

Miao Yu, an official with the Harbin Pharmaceutical Group Co told XFN-Asia the previously wholly-state-owned Harbin Pharmaceutical Group Holding also sold a 10 pct stake to Chenneng Investment, a local venture capital firm in Harbin, which is in the northeastern province of Heilongjiang.

Miao declined to provide further details of the deals.

The Hong Kong-based Standard reported today that Warburg Pincus and CITIC Capital Markets Holdings borrowed 282 mln usd from Citigroup to fund the acquisitions, with the loan to expire in five years.

The newspaper said the municipal government of Harbin holds the remaining 45 pct stake in the pharmaceutical group.

Harbin Pharmaceutical makes more than 700 products, including antibiotics, one of the more lucrative sectors of China's pharmaceutical industry because they carry a high price tag for consumers but are relatively cheap to produce.

The company also specializes in biopharmaceuticals, or medicines that use biological agents such as recombinant DNA in the manufacturing process instead of the chemical synthesis used for more traditional medicines.

The company is also a big manufacturer of traditional Chinese medicines and has one of the largest distribution networks in the mainland.

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- + 08.1 %
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